



SEMOpX  
C/O Michael Kelly  
The Oval  
160 Shelbourne Rd  
Dublin 4

18 May 2018

Our Ref: D/18/8224

**SEM Committee Decision for the Regulatory Authorities in relation to SEMOpX MCF\_07\_18  
(Modification Change Form MCF\_07\_18)**

Dear Michael,

On 5 April 2018, SEMOpX submitted its Modification Change Form with regard to the SEMOpX Rules Modification Change Form (MCF) 07\_18: Clearing House Actions to Minimise Exposures in accordance with Paragraph J.4.1.1 of the SEMOpX Rules.

SEMOpX MCF\_07\_18 was submitted to the Interim Committee by SEMOpX on 14 March 2018.

This MCF proposes that, under the SEMOpX Rules, the Clearing House to be able to be registered as an Exchange Member and to be able to trade using its Central Counterparty Balancing Market Unit. If the modification is approved the Clearing House would be allowed to trade only under two circumstances:

- when an Exchange Member is breaching the SEMOpX Rules or Clearing House Clearing Conditions, or;
- in the case of invalid Contracted Quantities.

Also, the Clearing House will not be a member of the Exchange Committee, nor permitted to appoint members of the Exchange Committee.

The Regulatory Authorities (RAs) understand that the aim of the proposed mitigation measure is to minimise the financial implications to the Clearing House and Exchange Members by giving the ability to the Clearing House to trade out of imbalance positions it may become exposed under very specific set of circumstances.

The Regulatory Authorities note that a presentation was made to the Interim Committee on 14 March 2018 where the reasoning for the proposal was explained and proposed changes to the



SEMOpX Rules were set out. SEMOpX explained that based on experience from other markets, the frequency of such an event the Clearing House to trade on the Exchange is very unlikely and should only impact on one trading day at most. In addition, any action by the Clearing House would only be able to occur, at the earliest in the Intraday Auctions, or in the Continuous Market. Therefore, such trading actions would not impact on the Day Ahead Auction.

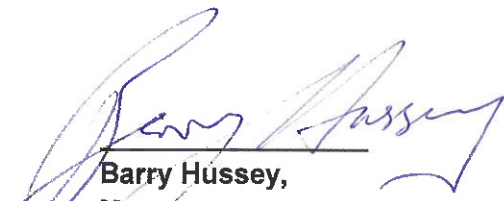
After the presentation was given at the Interim Committee meeting on 14 March 2018 a consultation process has followed, giving the opportunity to Market Participants to comment on the proposed change.

The Regulatory Authorities see the value of including such mitigation measure in the SEMOpX Rules to enable the minimisation of the financial implications to the Clearing House and Exchange Members by giving the ability to the Clearing House to trade out of imbalance positions it may become exposed to.

The Regulatory Authorities also note that some of the responses submitted are of the view that such trades may impact the outcomes of a given market. The RAs understand and share these concerns and therefore require SEMOpX to provide a report to the RAs when such trades take place. Such a report will be the basis for the RAs' consideration of any rules changes that might be required.

Considering the above, and in accordance with Paragraph J.4.1.1 of the SEMOpX Rules, the Regulatory Authorities direct that a Modification, as set out in MCF\_07\_18, be made on a Trading Day basis with effect from two Working Days after the date of this letter.

Yours sincerely,



**Barry Hussey,**  
**Manager**  
**Wholesale Electricity Markets**

